

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

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AMEMBASSY STOCKHOLM

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USEC BRUSSELS

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E.O.11652: N/A

TAGS: PINT, ELAB, SP

SUBJECT: LABOR ASPECTS OF GOVERNMENT'S ECONOMIC PACKAGE

1. ASIDE FROM THE BELT TIGHTENING MEASURES WHICH WILL AFFECT ALL SPAINARDS (SEPT), CERTAIN ASPECTS OF THE PROGRAM ANNOUNCED FOLLOWING THE OCTOBER 8 COUNCIL OF MINISTERS WILL HAVE PARTICULAR IMPORTANCE FOR THE LABOR SECTOR. WITH RESPECT TO COLLECTIVE BARGAINING, ALTHOUGH NOT FROZEN, A) THE TIME PERIOD ALLOWED FOR NEGOTITATIONS WAS SHORTENED, LIMITED OFFICIAL USE

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B) REDUCTIONS OF WORKTIME WERE PROHIBITED, AND C) WAGE

ADJUSTMENTS WERE NOT TO EXCEED GENERAL COST OF LIVING INCREASE. THESE MODIFICATIONS ARE EFFECTIVE UNTIL JUNE 30, 1977 THE SUSPECTION WAS ALSO ANNOUNCED OF ART 35 OF THE 1976 LABOR RELATIONS LAW WHICH HAD MADE IT VIRTUALLY IMPOSSIBLE FOR EMPLOYERS TO DISMISS WORKERS OR TRIM THEIR WORK FORCES. AS A RESULT, MANAGEMENT HAD BEEN EXTREMELY RELUCTANT TO HIRE NEW EMPLOYEES UNDER THE NEW MODIFICATIONS WHICH WILL BE VALID UNTIL SEPTEMBER 30 1977 EMPLOYERS WILL BE ALLOWED TO HIRE TEMPORARY WORKERS FOR SIX MONTHS WITHOUT BEING BOUND BY CONDITIONS GRANTED PERMANENT WORKERS.

2. AS ANTICIPATED (SEE MADRID 7036), IT WAS ALSO ANNOUNCED THAT A PROJECT LAW REGARDING LEGALIZATION OF TRADE UNIONS (NOT SUBJECT TO THE "DISCIPLINE " OF POLITICAL PARTIES) WOULD BE SUBMITTED TO THE CORTES. ALTHOUGH THE TEXT OF THE PROPOSED LEGISLATION WAS NOT PUBLISHED, IT WAS RELIABLY REPORTED TO PROVIDE FOR A) FREEDOM OF ASSOCIATION TO INDEPENDENT LABOR AND EMPLOYERS' ORGANIZATIONS IN COMPLIANCE WITH TERMS OF ILO CONVENTIONS 102 AND 98 B) OFFICIAL REGISTRATION REQUIREMENTS, AND C) FREEDOM FROM SUSPECTION OR DISOLUTION BY THE GOVERNMENT. UNDER TERMS OF A SEPARATE DECREE LAW, AND AUTONOMOUS ADMINISTRATION OF SOCIO PROFESSIONAL SERVICES (WHATEVER THAT MEANS) WOULD BE CREATED TO ABSORB THE ASSETS OF THE OFFICIAL SPANISH SYNDICAL ORGANIZATION (SSO) AND PROVIDE EMPLOYMENT FOR THE ESTIMATED 30,000 FUNCTIONARIES OF THE SSO.

3. WE SHALL HAVE TO WAIT AND SEE WHAT WILL BE LABOR'S REACTION TO SUAREZ'S ECONOMIC PACKAGE. THERE IS BOUND TO BE DISCONTENT OVER THE MODIFICATIONS OF ART 35 AND THE COLLECTIVE BARGAINING PROCESSES, BUT THIS MAY BE MODIFIED BY THE GOVERNMENT'S PRICE CONTROL PROMISES. LABOR HAS ALREADY INDICATED ITS OPPOSITION TO ALLOWING THE CORTES TO SIT IN JUDGEMENT ON LABOR REFORM, AND IS ALSO AGAINST ANY REGISTRATION PROCEDURE WHICH WILL FORCE THE NEW TRADE UNIONS TO PASS THROUGH THE "GOVERNMENT TURNSTILES". THE REFERENCE TO POLITICAL PARTY LINKS CONCERNS BOTH THE COMMUNIST DOMINATED WORKERS COMMISSIONS AND THE LIMITED OFFICIAL USE

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SOCIALIST UGT, BUT WE DOUBT IT WILL HAVE MUCH OPERATIONAL IMPACT. FINALLY, MANY TRADE UNIONISTS WILL REGARD THE NEW "AUTONOMOUS ADMINISTRATION" AS A POORLY CAMOUFLAGED CONTINUATION OF THE SSO WHICH WILL IN EFFECT PERMIT CONTINUED GOVERNMENT "MEDDLING " IN LABOR AFFAIRS.
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